

FISCAL NOTE

HB 721 - SB 1313

March 16, 2005

SUMMARY OF BILL: Amends the retirement law by increasing the formula used in calculating a Group I member's retirement allowance from 1.5% to 2.0%. In addition, the bill requires that a supplemental bridge benefit be paid to any Group I member who retires on or after 60 years of age.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$493,865,000 Annual Amortized Cost
Increase Local Govt. Expenditures - \$186,348,000 Annual Amortized Cost*
Other Fiscal Impact – Increase Federal/Other Expenditures:
- \$71,447,000 Annual Amortized Cost

Assumptions:

- Total lump sum liability of \$7,500,000,000.
- Annual amortized cost assumes a 20-year amortization of the lump sum liability.
- K-12 teachers with a 60%-40% ratio between state and local funding.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director